

# PMIC Transition:

## Ancillary Subcommittee

Beth Waldman, JD, MPH  
November 18, 2011

# PMIC Transition: Payment for Ancillary Services

- CMS notified state that PMICs must be responsible for payment of ALL Medicaid covered services provided to children that are PMIC patients
  - Must comply by July 1, 2012
  - Legislative language (HF649)

# Ancillary Services Legislative Language (HF649)

2(b) The department, in consultation with representatives of the non state-owned psychiatric medical institutions for children, shall develop a reimbursement methodology required for federal compliance, to be implemented on July 1, 2012.

To the extent possible, the reimbursement methodology shall be developed in a manner so as to be budget neutral to the institutions and cost effective for the state.

# Goals for Inclusion of Ancillary Services within PMIC Rates

- Achieve federal compliance
- Develop least burdensome approach to inclusion of services in payment rates
  - Limited risk to PMIC
  - DHS to work with its provider network to help PMIC to obtain Medicaid payment rates
- Cost neutrality for state
- Ensure that necessary physical health / acute care services are provided, in compliance with EPSDT mandate

# Ancillary Services Provided to Children Residing in PMICs

- IME reviewed claims of children in PMICs to determine what services receiving:
  - Inpatient hospital services
  - Outpatient acute services
  - Prescription drugs
  - Durable medical equipment
- Three PMICs been analyzing own data
  - LSI
  - Children's Square

# Payment for Ancillary Services Nationally: What We Know

- CMS requiring all states to pay for ancillary services through the residential treatment facility; but haven't yet found a state with a finalized process
- South Carolina: currently undergoing same process as Iowa
  - Plans to pay comprehensive rate to PRTF, with risk being borne by the facility
  - As part of bringing ancillary services in, also reviewing base PMIC rates

# Options for Payment: Pharmacy

- Payment by PMIC
  - Add on to PMIC per-diem
    - Request state law/rule change to require Medicaid providers to accept same payment rate from PMIC as paid by Medicaid.
    - Association led (w/ IME support) negotiation/contracting with Pharmacies – AWP %X and Dispensing Fee of \$Y
  - Pass through to IME
- Potential to partner with FQHC in area for 340B pricing; but CHC's physician must be prescriber

# Options for Payment: All Other Services

- Develop rate based on trended utilization of PMIC residents for ancillary services and include within PMIC rate
  - Could include risk corridor that limits PMICs risk to X%
  - Also could discharge individuals when go to hospital, and pay PMIC a bed-hold day for certain period of time that build into per diem rate



# Options for Payment: All other services

- Prospective payment with retroactive reconciliation
  - Pass through of claims to Medicaid
  - How often? Minimum of quarterly with potential to reconcile more often

# Implementation Steps

- Amend Medicaid state plan
- Assist PMICs in contracting with Medicaid providers
- Develop reporting processes for services
  - EPSDT services – encounter/claims data
- Develop payment rates for PMICs based on options
  - Payment rates for Magellan will depend on this
  - Reconciliation process may be necessary

# Next Steps

- Develop strategy for implementation of potential options
- Next call: December 1<sup>st</sup>?